'Our aim is to climb up the value chain in this business'

A company catering to seven discrete segments in the domestic market, and also a reputed export house is visualising itself to become one of the major integrated T& D solutions providers in the next five years. **Harish Agarwal,** CEO, Supreme & Co, spoke to **K Subash** about his business strategy and plans for the company. Excerpts from the interview:

What are the products you manufacture and how competitive are they?

We manufacture Fabricated structures, Fittings and accessories for transmission and distribution lines from 400 volts to 400 kV; Complete range of clamps, connectors and earthing solutions for substations and equipments; Accessories for Aerial Fibre Optic Cables viz. ADSS,OPGW and Fig 8. with regard to international markets. So far, we have retained our competitiveness and do not foresee much problems. We have seven discrete segments in the domestic market. a) EPC contractors of transmission companies and utilities like PGCIL. We are competitive in this segment. b) Supply tenders of transmission companies. We are competitive in this segment also. c) EPC contractors of discoms. We are at present not finding it worth while to work at price levels ruling in this segment. d) Supply tenders from distribution companies. e) EPC contractors for substations of power-intensive large size industrial units. We consider this an area of high growth potential. f) Supply and errection of communication towers. g) Supply of ADSS Fibre Optic Accessories to contractors of private communication network and scada systems. We are actively pursuing this market segment.

You are manufacturing a number of products. Which among these you find highly prospective and why is it so? Which of these are exported?

Our full range of products are being exported all over the world. The highest growth potential for exports are in a) LV insulated Aerial Bundled cable solution b) Fibre Optic Connectors and Enclosures c) Accessories for stringing conductors with high Ampicity and with capacity to withstand temperatures upto 240 degree C. These accessories are very popular for line uprating and are under development, research and testing.

How competitive is the transmission and distribution business today? How do you cope up with it?

T&D business worldwide is getting more and more competitive. Continuous cost-cutting, aggressive marketing, moving up in the value chain, technological upgradation and integration are the ways to survive and thrive. We continously keep reinforcing our strong engineering base, and keep enlarging our extensive marketing network. Purchasing policies continue to provide us with diversified, resilient and highly responsive vendor and sub-contractor base. We have an enviable history of extremely cordial industrial relations. Combination of these have always kept us a step ahead of our competitors.

What is your perspective of the transmission and distribution industry in the present context?

All studies and estimates identify T&D as a high growth area. Unbundling of Generation, Transmission and Distribution in utilities globally has unleashed a growth potential hither to unimaginable. The industry is attracting sustained investor interest.

Being well entrenched in this business do you have any plan to diversify into other areas? If so which are the likely areas you intend to enter?

Our next aim is to climb up the value chain in the current business; Enter strategic joint ventures to position Supreme as a one-stop shop for T&D solutions; Provide integrated services; Be aware of the latest developments in cables, conductors and insulators. To do pioneering work in design, development and testing and fittings compatible with such new generation products.

What have you to say about the high percentage of T&D losses? What according to you are the steps that should be initiated to address this issue?

The quality of accessories is a critical factor to control line outages, and to safeguard safety, quality of overhead line and performance of joints, terminations and tap-offs.

What are the problems companies in this area of business are facing today and what remedial measures are to be taken?

Problems in the domestic market are (a) Subordination of every other consideration to price by most customers b) Apalling payment condition c) Huge disconnect between promise and delivery on virtually every aspect by many utilities and customers. One of the positive developments for an industry of our size is gradual neutralising of cascading effects of indirect taxation. This was putting us at a disadvantageous position vis-a-vis companies enjoying a plethora of exemptions.

How do you see your company evolving over the next few years? What are the plans you have lined up?

We visualise ourselves as one of the major integrated T& D solutions provider in next five years. Our anticipated sales of USD 200 million will give us the leverage of size and resources to invest even more intensely in research, development and testing. We are positioning ourselves as approved suppliers to utilities rather than be an OEM supplier to approved manufacturers. We are also making long-term distribution plans for extremely price-sensitive domestic distribution segment. We intend to have wider interactions, at all levels, with discoms and EPC contractors and make them more aware of the hazards of using the fittings, accessories and connectors of present quality. For example: a) Stress relaxation of hand-wound stay termination and insulations bindings cause unwarranted SAG and consequent inadequate support to phase conductors, ground wires and stay wires.

b) Painted or electroplated crosasarm, clamps, stay and earth fittings have life which is only 20 per cent of the life, which hot dipped galvanised materials have.

c) Dead-end fittings produced out of re-cycled material may result in accidents during line construction and outages after energisation due to fatigue failure.